

Assembly Bill No. 611

Passed the Assembly August 18, 2014

Chief Clerk of the Assembly

Passed the Senate August 7, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 22960.4 of, and to add Sections 22960.05 and 22960.51 to, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 611, Bonta. State Peace Officers' and Firefighters' Defined Contribution Plan.

Existing law requires that contributions to the State Peace Officers' and Firefighters' Defined Contribution Plan cease, prohibits new members from participating in the plan, and requires that the plan be terminated, as prescribed. Existing law requires that moneys in the State Peace Officers' and Firefighters' Defined Contribution Plan Fund be distributed, as specified and in accordance with federal law, including requiring that amounts payable from the fund be rolled over to the Supplemental Contributions Program, if not elected otherwise.

This bill would require that the plan be terminated effective June 1, 2014, subject to obtaining appropriate approvals from the Internal Revenue Service. The bill would state that the bill is intended to constitute a governmental plan under federal tax law, as specified. Consistent with specified federal law, the bill would prohibit the corpus or income of the plan's trust from being diverted to purposes other than the exclusive benefit of the members or their beneficiaries or there being a reversion of trust funds, except as federal law permits.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 22960.4 of the Government Code is amended to read:

22960.4. (a) The Legislature finds and declares that an agreement between the exclusive representative of state peace officer and firefighter members in State Bargaining Unit 6 and the

employer has eliminated the employer contributions to the plan provided in Section 22960.60.

(b) The following shall occur:

(1) All contributions to the plan shall cease.

(2) New participants shall be prohibited from participating in the plan.

(3) The plan shall be terminated effective June 1, 2014, subject to obtaining appropriate approvals from the Internal Revenue Service, including a favorable determination letter on plan termination from the Internal Revenue Service.

(4) Subject to paragraph (3), all moneys in the fund shall be distributed in accordance with this part and federal law. If not elected otherwise, amounts that become payable from the fund under this section shall be rolled over under Section 401(a)(31) of Title 26 of the United States Code to the Supplemental Contributions Program established in accordance with Section 22970.

SEC. 2. Section 22960.05 is added to the Government Code, to read:

22960.05. The plan is intended to constitute a governmental plan as defined by Section 414(d) of the Internal Revenue Code (26 U.S.C. Sec. 414(d)) and, as such, the plan and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code (26 U.S.C. Sec. 401(a)) that apply to the plan.

SEC. 3. Section 22960.51 is added to the Government Code, to read:

22960.51. Consistent with the requirements of Section 401(a)(2) of the Internal Revenue Code (26 U.S.C. Sec. 401(a)(2)), the corpus or income of the plan's trust shall not be diverted to, or used for, purposes other than the exclusive benefit of the members or their beneficiaries nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4, 1991-1 C.B. 57, by the Internal Revenue Service.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that the members of the State Peace Officers' and Firefighters' Defined Contribution Plan may receive the

distributions that are due to them at the earliest possible time, it is necessary that this act take effect immediately.

Approved _____, 2014

Governor